

I urge my colleagues, on both sides of the aisle, to support the substitute amendment today at 4:20 and make sure the future of our country is one we will be proud of and not one we will find as an embarrassment.

I yield the floor.

The PRESIDING OFFICER (Mr. UDALL of Colorado). The Senator from Nebraska.

Mr. JOHANNES. Mr. President, I ask unanimous consent to speak in morning business.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

MIDDLE CLASS TAX

Mr. JOHANNES. Mr. President, I rise this afternoon to speak about the President's announcement a few hours ago relative to pay-go.

Today, the President said:

Paying for what you spend is basic common sense. Perhaps that's why, here in Washington, it has been so elusive.

Well, I could not agree more. But I must ask: Where was that common sense when the President proposed to add \$10 trillion to the national debt in the fiscal year 2010 budget submission? Where was this basic common sense when he signed a bill earlier this year that adds \$1 trillion in debt this year alone? Where was this newfound fiscal discipline when he proposed a massive universal health care proposal that is now turning out to be a government-run proposal with just a downpayment of \$650 billion?

The President's announcement undoubtedly was meant to quell rising fears about the amount of spending and borrowing his administration has undertaken. It was likely intended to calm the fears of those who buy our debt who are wondering if it is just paper.

But do the President's words today in any way address the mountain of debt and increased taxes he proposed and supported just a few weeks ago with the budget submission? The answer to that is no.

Today's announcement does absolutely nothing to decrease the rising, crushing debt we have accumulated. In fact, this President has significantly added to our debt, causing it to rise to an unprecedented level, an unsustainable level. Let me repeat that. The President's announcement does absolutely nothing to address our record spending and borrowing. This is akin to maxing out on the personal credit card and then promising not to use it anymore but offering no plan to pay off the balance.

The President rightly pointed out today:

The debate of the day drowns out those who speak of what we may face tomorrow.

Maybe it is an appropriate time to thoughtfully consider what we face tomorrow because of the unpaid credit card balance.

It is important to dissect the rhetoric and speak to Americans who have been promised something I would suggest the President cannot deliver. Remember that those in the so-called middle class—and the definition of that has changed—have been told they will be shielded from tax increases. Well, I would suggest the evidence is obvious. The rug is about to be pulled out from underneath them by the President's explosive growth in spending and borrowing.

If Congress continues to follow the President's unlimited spending spree and tries to balance the budget at the same time, the middle class will get hammered with tax increases. This, I would suggest, is the elephant in the room that no one in the Obama administration wants to discuss for fear of the consequences.

But the American people deserve an open discussion about the real-life consequences of big government and the runaway freight train of spending and borrowing that comes with bigger government.

Supporters of the current budget claim that only individuals earning more than \$200,000 will see their taxes go up; therefore, there will be no tax increase on the middle class. Yet such a tax on higher income earners still results in an average annual deficit hovering around \$1 trillion per year for the next 10 years, described by many to be unsustainable.

Our national revenue simply cannot keep up with the bloated spending in the budget, and that is resulting in a shortfall.

Let me illustrate this in an example. This is equivalent to a Lincoln, NE, teacher earning \$33,000 per year but spending \$58,000 per year—year after year. It cannot last long. So is the Obama administration going to continue this spending increase with only the revenue from the so-called rich? How can they continue running annual deficits with no end in sight? They cannot. Inevitably, the spending spree and exploding deficits will land squarely on the middle class in the form of higher taxes, unless we do something.

The reality is, the Obama administration cannot continue the unprecedented level of spending while claiming to hold the middle class harmless.

If you do not believe me, listen to leading economists.

Martin Sullivan, a former economic aide to President Reagan, actually, who backed President Obama last fall, said:

You just simply can't tax the rich enough to make this all up.

He went on to say:

Just for getting the budget to a sustainable level, there needs to be a broad-based tax increase.

Leonard Burman, director of the liberal Tax Policy Center, said:

[T]here's no way we're going to be able to pay for government 10, 20 years from now without coming up with a new revenue source.

Finally, economist Paul Krugman, a New York Times columnist, wrote:

I, at least, find it hard to see how the federal government can meet its long-term obligations without some tax increases on the middle class.

All of these experts echo the point I am making: You cannot tax the rich enough to cover all the spending. Inevitably, what all of this is leading to is that the middle class will fall victim to massive taxation.

I will put this into more tangible terms by examining how much the tax rate would need to rise to make up for only this year's projected budget deficit—just this year's projected budget deficit. The deficit for this year alone is an eye-popping \$1.8 trillion. This does not even take into consideration the more than \$12 trillion public debt we currently owe.

Here is what would have to happen to the tax rate. The rates for the top four brackets would skyrocket from the current rates of 35 percent, 33 percent, 28 percent, and 25 percent to an alarming 90 percent across the board. Imagine, people would have to work until Thanksgiving just to pay their taxes.

Some may say: Well, this is great. Tax the rich because they can afford to pay more in taxes. Yet those making up the third and fourth brackets from the top can hardly be characterized as rich.

Let's look at who actually falls in those income brackets. Currently, for tax year 2008, people who fall under the 25-percent bracket earn about \$32,000 to \$78,000.

Does anyone want to come to the Senate floor and make the case that somebody making \$32,000 a year in Nebraska is rich? The average salary in Nebraska is \$35,000. I do not know anyone who would suggest that only wealthy people fall within the bracket.

The average Nebraskan would have something to say about that in terms of whether they are wealthy. Let's look at the next bracket, those taxed at 28 percent. The income levels for this bracket are roughly \$78,000 and \$164,000 for singles. For married couples, it is \$131,000 to \$200,000. What does that mean? This means that a landscape architect in Nebraska making \$75,000 a year, hypothetically, married to an emergency room nurse making \$59,000 a year would fall into a 90-percent tax rate. Again, I suggest if you asked this couple, I am quite confident they would not describe themselves as wealthy. Taxing the middle class to the tune of 90 percent would bring this economy to its knees.

There is some notion in America that we, the people, should be the masters of our own economic success. If you tax someone at a 95-percent rate, you take away the economic incentive to be innovative, to strive for greater success. Eventually you end up with slim or no productivity or competitiveness. Yet this administration keeps spending as though it is monopoly money. Just this week, more directions: Get that money

out there. Get that spending going. Their spending binge has an unsustainable course. Complying with pay-go alone won't even come close to fixing it. Maybe Congress would benefit from being coached by the same credit card counselors who help Americans who are drowning in debt. I will bet those counselors would have some stern words.

My point is simple: This is not the right direction for our country. We must start to make spending decisions today that paint a realistic and candid picture of the impact on the middle class, and if it is the purpose of our Nation to hold them harmless, then we have to cut spending and we have to smart size our government.

Working families across our Nation and in my State deserve an honest debate. It is time for Washington to take responsibility. The people at home I believe are demanding it. I often say Nebraskans have great wisdom to convey. I couldn't agree more with a gentleman from North Platte, NE, who wrote me a letter recently and he said this:

It's important to remember that while government consumes wealth, transfers wealth and sets the ground rules for the generation of wealth, it is the private individuals that create it.

As a final note, the President today rightly acknowledged:

The reckless fiscal policies of the past have left us in a very deep hole.

I would add to that: And the present.

Digging our way out will take time, and patience, and tough choices.

Again, I could not agree more, other than I would add to that: The present.

However, instituting pay-go does nothing to cut the deficit or the debt, it simply attempts to hold the line, which the President's budget fails to do. His proposal is actually a more liberal approach than what is already in House rules. Right-sizing government and cutting spending is far from revolutionary. So while the President is saying when you find yourself in a massive hole, stop digging, the more important question might be: How are we going to start filling up this gaping hole?

Our country needs leadership, not the empty rhetoric I would suggest we heard today. The President's speech today sought to subdue the fears of many regarding our country's exploding deficits. I am sure it was targeted to those who buy that debt, who are expressing concerns about what they are purchasing. Yet people should not be fooled into thinking that pay-go is the holy grail for solving all of our spending and borrowing woes. I believe that while pay-go is a useful tool, when you look at the hard facts, you realize that President Obama's speech today, though, is simply too little and it is too late. The horse is already out of the barn, and the President is talking to us about closing the barn door.

Thank you, Mr. President.

Mr. ENZI. Mr. President, I rise today to speak in support of the Burr amend-

ment No. 1246. The Burr substitute amendment takes major steps to restrict tobacco. It creates a new office within HHS to regulate tobacco. It puts in place a realistic, science-based standard for the approval of new and reduced risk products. It also requires states to do more on tobacco control—something we can all support.

As many of you know, I support strong tobacco regulation. I want to remind my colleagues that supporting a different approach to tobacco regulation doesn't mean being soft on tobacco.

The Burr amendment is extensive—longer and more detailed even than the underlying bill. It makes it more difficult for kids to get tobacco and start smoking, and that is the most important thing of all.

Whether we see the Burr proposal or the Kennedy proposal put in place, we still have our work cut out for us when it comes to putting out tobacco use. I am going to keep working on this issue, and I am going to keep putting forward new ideas to stop smoking. These proposals are a first step, but we have a long way to go.

I urge my colleagues to support the Burr amendment.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DODD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. KAUFMAN). Without objection, it is so ordered.

Mr. DODD. Mr. President, I further ask unanimous consent that I be allowed to speak as in morning business for 10 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

FAMILY SMOKING PREVENTION AND TOBACCO CONTROL ACT

Mr. DODD. I thank the Chair. I will try and be brief on this. I know I have spoken at some length about the bill before us, the Family Smoking Prevention and Tobacco Control Act. I wish to begin by again thanking our colleagues who voted yesterday to allow us to move forward by supporting the cloture motion. It took a bipartisan effort and I am grateful to colleagues, both in the majority and the minority, for lending their support to that effort. I am also pleased we are having an opportunity to vote on the Burr-Hagan amendment. There were some questions raised as to whether that amendment would be permissible under a postcloture environment from a parliamentary standpoint. As I told my friend from North Carolina, Senator BURR, even though I disagree with his amendment, I would vote against a point of order if one were raised against it so he would have a chance to make his case. His State is going to be

affected by this decision we are making. As I recall, I think he told me there are some 12,000 to 15,000 tobacco farmers in North Carolina, hard-working families who have been in the business for generations. This will have an impact on them. It may not be as dramatic as some suggest, but it certainly will have a negative impact if we are successful in reducing the amount of smoking and use of tobacco products by young children.

I am pleased my colleague from North Carolina has had a chance to make his case, along with his colleague from North Carolina, Senator HAGAN.

Having said I would support his right to be heard, now I wish to take a few minutes to express why I support the underlying bill. This bill has been supported over the years by a substantial number in this body, as well as in the other body, the House of Representatives—as I pointed out in the past, this matter, which has been under consideration for almost a decade, has not become law because neither House of Congress has adopted the legislation in the same Congress. We have ended up with the Senate passing a bill, the other House passing a bill, but never in the same Congress. So for all of these years, the Food and Drug Administration has not been able to regulate tobacco products.

We are about to change that if we, in fact, reject the Burr amendment and several others that are pending and give the Food and Drug Administration the power, the authority, to regulate the sale, production, and marketing of tobacco products, particularly to young children. So for the first time, the FDA will have this authority and put in place tough restrictions that for far too long have been absent. This will provide support for families when it comes to how cigarettes are marketed to their children.

I am sure my colleagues are tired of hearing me speaking over the last several weeks about the number of young people who start smoking every day. We have been at this matter now for about 2 or 3 weeks, considering the floor action, as well as the action in the HELP Committee, which is the committee of jurisdiction. You can do the math yourself: Over 20 days, 3,000 to 4,000 children every day starting to smoke while we have been deliberating this piece of legislation. Needless to say, I don't know of a single person in this country with an ounce of sense who wants that many children who begin this habit to continue. I don't know of anybody with any sense at all who believes our country is better off if day after day we allow an industry to market products designed specifically to appeal to young people, knowing what danger and harm it causes. Four hundred thousand of our fellow citizens expire, die every year because of smoking-related illnesses—400,000 people. That is more than the number of people who lose their lives as a result of automobile accidents, AIDS, alcohol